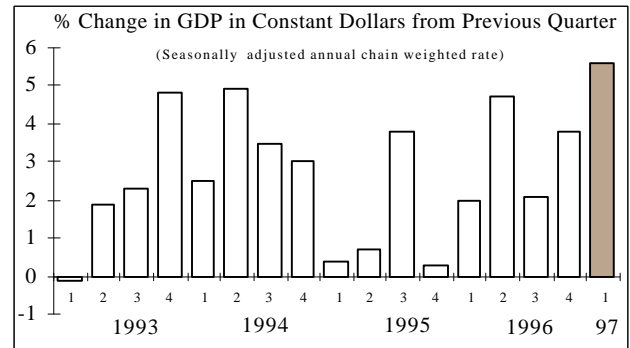
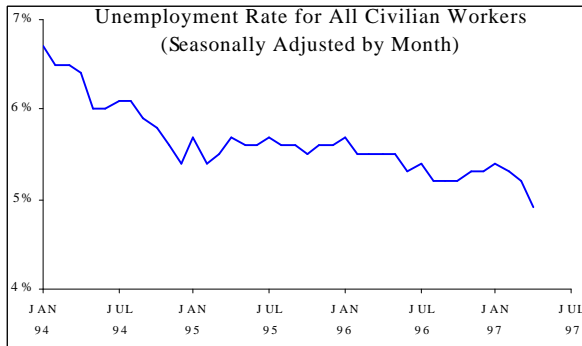


# The Economic Bulletin

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## UNEMPLOYMENT IN APRIL FALLS TO 24 YEAR LOW

The Labor Department reported that in April the seasonally adjusted unemployment rate fell to 4.9%, the lowest rate since December 1973. In the same period the Labor Department's payroll survey reported a moderate seasonally adjusted increase of 142,000 in non-farm employment with weather related declines in construction employment and strike related declines in manufacturing employment partially offsetting very strong increases in service sector employment. DRI/McGraw-Hill believes that the favorable employment data provide justification for the Federal Reserve to increase interest rates at its May meeting.

## GDP INCREASES 5.6% IN FIRST QUARTER

The Commerce Department reported that the Gross Domestic Product increased at a 5.6% annual rate in the first quarter of this year, the strongest growth since the last quarter of 1987. Consumer spending on durable goods, business investment in new plant and equipment, and non-defense federal government spending all showed double-digit annual rate increases. All other spending categories showed increases except defense spending, which declined at a 10% annual rate.

## \$9 BILLION IN WAGES OWED RUSSIAN WORKERS

According to the Russian government, about \$9 billion in back wages is owed to Russian workers. Companies and non-governmental organizations owe \$7 billion with the rest owed by the government. Most of the back wages are owed to employees in manufacturing activities with workers at defense plants accounting for a large proportion. Though the Russian government has pledged to solve this problem, shortfalls in tax revenue are continuing to prevent this goal from being achieved.

## NEW BRITISH GOVERNMENT TO MOVE ON INFLATION, DEFICITS

The new British Labor government has adopted the same inflation target of 2.5% as the outgoing government and has already taken action to raise central bank interest rates from 6% to 6.25%. DRI/McGraw-Hill predicts rates will reach about 7% by the end of the year. In addition, the new prime minister, Mr. Blair, is expected to increase revenues by eliminating or reducing some of the large number of allowances in the personal taxation structure and by raising corporation taxes. The election result has no clear impact on Britain's future participation in the European Economic and Monetary Union since the new government has retained the same policies as those of the outgoing government.

## FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>May 2</u>	<u>Apr 25</u>		<u>May 2</u>	<u>Apr 25</u>
Crude Oil (Foreign)	15.39	15.74	DM (Germany)	1.72	1.72
Crude Oil (Domestic)	19.65	19.83	Yen (Japan)	126.67	125.83
Pound (UK)	0.622	0.615	Peso (Mexico)	7.95	7.86
Ruble (CIS)	5761	5741	Won (S. Korea)	893	892